

Threat to india or economic need of china



“ I have always thought that it is important, even essential, that these two countries of Asia, India and China, should have friendly and, as far as possible co-operative relations. It would be a tragedy, not only for India, and possibly for China, but for Asia and the whole world, if they develop some kind of permanent hostility...”[1]

– Jawahar Lal Nehru

“ India and China have laid the ghost of the 1962 war to rest, and have turned their faces to the future”.

– Prem Shankar Jha

INTRODUCTION

For more than 60 years, Pakistan and India and have been arguing and periodically coming to blows over one of the most beautiful places in the world i. e. Pakistan occupied Kashmir (POK). India, Pakistan and China are in possession of various parts of Jammu & Kashmir.

China-Pakistan relations have always been a matter of concern for India, however due to the increased involvement of China in POK the matter has worsened further. With presence of an estimated 11, 000 soldiers of the People’s Liberation Army in POK, one can confidently state about the growing foot-prints of China in POK[2]. This prompted views among many Indian military and political leaders and journalists that Islamabad is handing over the de-facto control of the strategic Gilgit-Baltistan region of POK to China. Further it is believed that as the years proceed, Pakistan will emerge as an instrument of China’s “ force projection” into South Asia.[3]

With this as background, it is imperative to examine and understand China's interests and strategy in POK as these developments hold large significance for India's security interests.

INDIA CHINA RELATIONS

India and China are two of the oldest civilizations of the world and in spite of the present economic, political and military environment and compulsions, these two countries have a long history of friendly relations. However, since 1913-14 Shimla Conference, the Sino-Indian border as part of the issue of Tibet's status has been a matter of dispute in relations between the two countries and has resulted in military conflicts. Presently the renewed tensions between the two countries have been dominating diplomacy with issues like China's refusal of visa to a top Indian Army General and aggressive Chinese intrusions across the LAC.

Pakistan

China's strategic equation with Pakistan is another issue which is a hindrance to any meaningful improvement in India's relations with China. China has been the biggest supplier of military hardware to Pakistan, some of which is made available to Kashmiri militants. The increasing involvement and presence of Chinese soldiers in POK has raised concerns in India.

Economic

A "strategic partnership" was announced by China and India in 2005 and both countries have in recent years successfully attempted to reignite diplomatic and economic ties and consequently, the two countries relations have become closer. Presently, China is India's largest trading partner and

has recently changed its stance on India's bid seat at UNSC. This is viewed as beginning of a maturity period in Sino-Indian relations.

CHINA'S ECONOMIC GROWTH

In 1949, China's economic system changed to a communist system and as China's contribution in world trade has grown; its importance to the international economy has also increased. China is the world's second largest economy after the United States by purchasing power parity and is the world's fastest-growing economy.

Unequal Regional Development

Deng Xiaoping, orchestrated China's reform and opening-up 30 years ago, once said that "some areas must get rich before others." [4] This was due to the country's massive scale, the economic development could not happen all at once across China. Planning and implementation of such an economy would take years, even decades and some areas would inevitably be developed before others and thus coastal regions of China were the best place to place to start, due to the natural advantage of access to Asian and overseas markets via the Pacific Ocean and South China Sea. [5] The two areas which benefited most from this economic strategy of China were the Yangtze River Delta region in the East and Pearl River Delta region in the South. [6]

West China the New Economic Story

China's unequal transportation system, combined with differences in the availability of resources (natural and human) and industrial infrastructure has resulted in large variations in the regional economies of China. Although

China's coastal regions continue to develop, the initial boom has already slowed.[7]Furthermore, foreign investors are beginning to grow weary of the increasing costs of doing business in cities like Shanghai and Shenzhen.

[8]Therefore, now both domestic and international businesses are looking towards the interior of the country, where overhead costs are lower.

China's Western region will emerge as the most interesting economic development story of the coming decade. This Western region comprises of 28% of China's population and 70% of its landmass and presently it also accounts for 17% of the country's GDP, but surely this is set to change for the better.[9]

In 2001, the Chinese government implemented its Western Development Strategy also known as the 'Go West' policy. The plan called for large infrastructure development in urban and rural areas. The main components of the strategy included the development of infrastructure (transport, hydropower plants, energy and telecommunications), enticement of foreign investment, increased efforts on ecological protection (such as reforestation), retention of talent flowing to richer provinces and promotion of education.

The Western Development Bureau affiliated to the state, had released a list of 10 major projects in 2008, with a combined budget of 436 billion Yuan which included projects like, new railway lines connecting Guiyang and Guangzhou, Lanzhou and Chongqing, Kashgar and Hotan in Xinjiang; highways between Wanyuan and Dazhou in Sichuan Province, Shuikou and Duyun in Guizhou Province and airport expansion projects in Chengdu,

Chongqing and Xi'an.[10]They also include building of hydropower stations, coal mines, gas and oil transmission lines and also public utilities projects in the western region.

By the end of 2007, China had started 92 key construction projects in Western region, with a total investment of more than 1.3 trillion Yuan. The Big Western Line, also known as the South-North water transfer project, is another project being planned to be undertaken for diverting water from six rivers in Southwestern China to the dry areas of Northern China through a system of tunnels, reservoirs and rivers.

A robust growth is already in place in the West, reaching 11.9% in the last year. Over the past 10 years, the railway capacity has increased by 160%, Highway capacity by 280% and the energy capacity by 550%.[11]Fixed investment of West was 3,600 billion Yuan and per capita gross domestic product rose to 1,933 dollars per year in 2008, which is just 41.9% compared to the per capita GDP of East. In early July 2010, China announced fresh investments to the tune of 100 billion dollars for 23 infrastructure projects “to promote rapid and healthy development of western areas”.[12]

CHINA'S ECONOMIC SECURITY

China's spectacular economic growth is largely responsible for its rising energy demands. While energy production in China sharply increased since 1980, consumption exceeded production by the end of the 1990's and the gap between consumption and production is continuing. China's natural gas supply is even more limited than oil. The IEA 2006, forecasts that China's oil import will increase five folds by 2030 from slightly less than 2 MMBD in

2002 to 10 MMBD, when imports will account for 80% of China's total oil needs. Moreover, as in the rest of Asia, China will become heavily dependent on the Persian Gulf (70% of oil by 2015) for future supplies and its oil will increasingly have to transit a series of vulnerable maritime choke points. [13]The constant and safe importation of oil has become a crucial issue in China's energy sector.

SINO- PAK ECONOMIC NEXUS

Gwadar Port

Pakistan inaugurated its third deep sea port at Gwadar in 2005 and it became operational in 2008. Work for phase II, at estimated cost of US \$ 932 million is in progress for building nine additional berths (including two oil terminals with capacity of 2, 00, 000 DWT ships). Other than the economic and military advantages to Pakistan it is important to examine China's role and strategic interest in this project.

It is widely claimed that there is Chinese interest in reaching the blue waters of Arabian Sea.[14]This is considered to be a strategic move by Chinese as they funded US \$ 198 million (out of the total Phase I cost of US \$ 248 million) and also provided 450 engineers onsite. Towards success of China's " Go West" policy, Gwadar provides access to a port at just 1500 km as compared to the Eastern ports at 3000 km for the products produced in Western China.

Gwadar is the ideal transit corridor for China to import oil and gas from Iran and the Persian Gulf. It offers an alternative route which is safer and cheaper as compared to the Strait of Malacca, where China faces problems of piracy

and is under US sphere of influence. In Oct 2010, Pakistan government also decided to build a connecting gas pipeline from Gwadar to Xinjiang, China.

[15]

Official sources confirm that an understanding has already developed at highest levels between Pakistan and China that the Gwadar port is to be taken from the Port of Singapore Authority (PSA) and handed over to the Chinese. “ The port should have gone to the Chinese, who built it largely from their own investment, in the first place”, says Baloch nationalist Rauf Khan Sasoli, who accuses former President Pervez Musharraf of giving it to the PSA “ to please his American masters”. [16] This will result in not only transfer of power at the Gwadar port but will also allow Chinese to build Gwadar as tax-free industrial center, including oil and gas refineries and a network of roads and railways from Gwadar to China through the ancient silk route. An ambitious deal to build railways along the Khunjrab pass has already been signed between Pakistan. [17]

There is another thought to this project where Gwadar is considered as the Naval base for the Chinese as part of its “ String of Pearls” strategy and providing defence to its oil movement as part of energy security. However, China had always denied that Gwadar will be used by Chinese military.

Pakistan occupied Kashmir

The geopolitics amongst China, Pakistan and India has been under the influence of development in POK. The building of the Karakorum Highway proved to be a turning point and was instrumental in strengthening the Sino-Pakistan strategic relations. The Karakorum highway was constructed by

Chinese engineers and was completed in 1986. It connects China's region of Xinjiang with Gilgit-Baltistan. China and Pakistan had signed a deal in 2006 to widen the Karakoram highway by almost 20 meters wherein China had promised US\$ 350 million for the project and once the project is completed, the transport capacity of the strategically significant region will increase significantly which will facilitate China's free access to the oil-rich Gulf through the Pakistani port of Gwadar.[18] Thus, it may be visualized that the Gwadar port will be an integral part of China's Foreign Trade route in future.

In return for Chinese assistance in the building the highway, Pakistan ceded the Trans-Karakorum Tract to China.[19] Since then, it has been a constant source of supply of arms, ammunition and nuclear material to Pakistan from China and other countries like North Korea. Apart from this, goods manufactured in China have crept into Pakistan on a massive scale due to this highway.

The Sino-Pak collaboration in hydro-power projects in the POK region including controversial Diamer Bhasha Dam on the Indus River is also a matter of concern for India. During Zardari's visit to China in 2009, the two sides signed a Memorandum of Understanding (MoU) on construction of a hydro-power station at Bunji, in the Astore district of POK, with the agreement to construct the hydro power project (7000 MW) on 'build, operate and transfer' basis, which means that all the investment (\$ 6-7 billion) will be made by Chinese entrepreneurs.[20] Further, there were agreements for cooperation in fisheries, agriculture, education, dams and investment.

China has contributed substantially to the rehabilitation and rebuilding projects in POK after the devastating earthquake of Oct 2005. These investments have helped China strengthen its control over POK. China has also encashed on the deprivation and alienation of people in POK both at political and social level. The Karakorum highway has helped in providing the necessary support during the rebuilding and trading opportunities for people of POK.

It has been reported that of an estimated 7, 000 to 11, 000 soldiers of the Chinese People's Liberation Army are in POK. Many of the PLA soldiers entering Gilgit-Baltistan are expected to work on the railroad and some are extending the Karakoram Highway, others are working on dams, expressways and other projects.

In a way, these developments in POK brings out that, since Pakistan Army is unable to handle multiple conflicts, thus it apparently gave the Chinese army de facto control over Gilgit and Baltistan regions. For China, it is a win-win situation, as it stands to gain unfettered road and rail access to the Middle East through Pakistan.[21]The map of karakorum highway is shown below for better appricaition of the situation and its impoartance for Western China's economic growth.

Karakoram Highway Map

Karakorum Highway

AN ALTERNATE VIEW TO INDO-CHINA RELATIONS

China has finally moved away from Deng Xiaoping's principle of "hide your strength, bide your time" so as to adopt a more proactive role in international affairs. The transformation that China is currently undergoing is clearly visible. Its changes in the socio-political and legal conditions confirm that the regime has changed away from the label of authoritarianism. The course of making decisions and strategy has slowly become decentralised and actors like media, think tanks, academic institutes/ university and voluntary associations and interest groups constitute major linkages between the government, its mechanism and the governed.[22]

Visit of the Indian External Affairs Minister to China in 1999 marked the resumption of high-level dialogue. The joint declaration signed during the visit of Indian Prime Minister to China in June 2003 stated that China was not a threat to India.[23] Special representatives were appointed by the China and India in order to provide thrust to border negotiations. India also acknowledged China's sovereignty over Tibet and pledged not to allow "anti-China" political activities in India. On its part, China had acknowledged India's 1975 annexation of the former monarchy of Sikkim and later rectified official maps to include Sikkim as part of India.[24] India and China are in the second stage of exploring the framework of a final package settlement covering all aspects of the India-China boundary dispute, which will be followed by the final stage of delineation and demarcation of boundary.[25]

Convergence of Interests

India and China have found substantial convergence of interests at the international level wherein they both share similar concerns about the

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growing international dominance of the US, the threat of terrorism disguised as religious and ethnic movements and the need to accord primacy to economic development. Both nations also favour more democratic international economic regimes.[26]They have strongly resisted efforts by the US and other developed nations to link global trade to labour and environmental standards. China and India put forward a joint Sino-Indian position in the World Trade Organization (WTO) and International trade negotiations.

China's Neutrality Towards Indo- Pak Relations

There has been a subtle shift in Beijing's stance on Pakistan vis-à-vis India. China's "neutral" position during the Kargil conflict, during Indo-Pak crisis following the terrorist attack on the India's Parliament and during Mumbai terrorist attack is seen as sincere attempts of China's to improve ties.

Towards China's attempts to project itself as a responsible regional player, it is supporting peace and anti-terrorist efforts in South Asia by cooperating with the India and US. China is also seen to be instrumental in encouraging Pakistan to negotiate with India by using its influence over Pakistan. On, 02 Dec 1996, when Jiang Zemin famously advised the Pakistani senators to set aside the Kashmir problem and improve their relationship with India, he thereby decisively distanced China from the Kashmir imbroglio.[27]

Bilateral Trade

As India and China have found a distinct convergence of their interests on world stage, they have used it to strengthen their bilateral relations on social, military and economic front. Prime Minister Manmohan Singh's government had made it clear that it favoured closer ties with China and

would continue to work towards improving and strengthening bilateral relations with China. Among the most encouraging developments in India-China ties is the rapid increase in bilateral trade. A few years ago, India Inc had a fear of being swamped by Chinese imports, whereas today, it is estimated that the bilateral trade between the two countries will grow by 20 per cent to reach beyond \$60 billion in 2010-11 from the present US \$ 50 billion.

Political Initiatives

Chinese premier Wen Jiabao told Manmohan Singh during the Indian Prime Ministers visit to China in Jan 2008, that there was enough space for China and India and the two leaders resolve to promote building of a harmonious world of durable peace and common prosperity through developing the Strategic and Cooperative Partnership for Peace and Prosperity between the two countries. China and India also cemented a shared vision for the 21st century by agreeing to raise the annual volume of bilateral trade to \$ 60 billion by 2010 and to play role in transforming Asia and the World.

In 2009, China and India witnessed frequent high-level interactions. Chinese President Hu Jintao held talks with Indian Prime Minister Manmohan Singh at the Shanghai Cooperation Organisation (SCO) and the BRIC (Brazil, Russia, India and China) summits in Yekaterinburg, Russia. Premier Wen Jiabao interacted with Manmohan Singh at the East Asia Summit in Thailand and the Copenhagen Climate Change Conference.[28]

CHINA'S PRESENCE IN PAKISTAN NOT A THREAT TO INDIA

China and India know that any conflict would have devastating effect on both countries, because of the nuclear threat and thus the ability to co-operate and solve disputes through diplomacy is in the interest of both countries.

India is continuing to improve its relations with China on the convergence of interests that the two nations have achieved in recent years. In respect to Indo-Chinese cooperation it is noted that while they are rivals, they are not enemies and that “ they knew how to work together with common interests in mind” which is exemplified by their burgeoning trade relationship and the potential to work together on a number of key issues, such as terrorism, drug trafficking, global trade and climate change.[29]

China is presently busy in Xinjiang region trying to calm the Uighur separatist movement, it is trying its best to hold Tibet, the military intervention in Taiwan is now a possibility and war of words with Vietnam has already started. Importantly, India's relations with China are improving with improved bilateral trade, increased political initiatives and military co-operations.

Thus, having studied the Chinese need and strategy for development of its Western region, the importance of Gwadar port and POK for the western region and China's energy security concerns, it can be confidently stressed that China's presence in Pakistan is not a threat to India but is the economic need of China.